

**INFORMATIONAL MEETING**

TAPES 27 A-B, 28 B, 29 A

**HOUSE REVENUE COMMITTEE**

**FEBRUARY 2, 2005 1:30 PM STATE CAPITOL BUILDING**

Members Present:           Rep. Tom Butler, Chair  
                                  Rep. Vicki Berger, Vice-Chair  
                                  Rep. Mark Hass, Vice-Chair  
                                  Rep. Brian Boquist  
                                  Rep. Sal Esquivel  
                                  Rep. Larry Galizio  
                                  Rep. Betty Komp  
                                  Rep. Andy Olson  
                                  Rep. Chuck Riley

Witnesses Present:           Dennis Day, Polk County Assessor  
                                  Jerry Hanson, Director of Assessment & Taxation, Washington Co.  
Tom Linhares, Director, Tax Supervising & Conservation Commission

Staff Present:               Paul Warner, Legislative Revenue Officer  
                                  Mary Ayala, Economist  
                                  Kristi Bowman, Committee Assistant

- 003 Chair Butler Calls meeting to order at 1:34 p.m.
- 006 Chair Butler Committee business announcement for field trip on 2/4/05.
- 007 Rep. Boquist Additional information regarding field trip on 2/4/05.

### **INFORMATIONAL MEETING**

- 045 Jerry Hanson All speakers provide their professional experience and provide brief program introduction.
- 087 Hanson Discusses handout (exhibit 1). Discusses post Measure 50 property tax system.
- 174 Chair Butler Asks clarifying question on Measure 50 limit of 3% on assessed value.
- 180 Hanson Responds that normally the maximum limit on assessed value is 3%, and many properties are assessed at "real market value" because that value is less than the maximum assessed value, especially with industrial and utility and personal property. This type depreciates more quickly because of other tax depreciations.
- 199 Hanson Continues Measure 50 discussion.

- 215 Dennis Day Comments on local option/school compression issues. Taxing districts need to be careful about the amount of money asked for and what actually is realized after compression
- 243 Rep. Riley Asks for explanation of compression.
- 250 Day Responds that there is no specific definition of compression in the handout, but continues with specific examples (see comments below for additional information regarding compression).
- 260 Rep. Hass Comments on local option taxes being considered this session. Asks how compression would affect those taxes.
- 265 Hanson Responds that taxes would not be affected. Compression is in the constitution. Gives specific information regarding Measure 50 compression language.
- 290 Rep. Hass Follow-up comment. If there was any way to change state law to increase local option, is there a way to deal with compression parameters. Is it a constitutional or statute issue.
- 304 Paul Warner Local option is the amount that can be raised without affecting the Measure 50 formula. First limit is compression. The taxpayer wants to know the impact of an increase, and that depends on the type of property and the various options on that property.
- 328 Rep. Boquist

Comments on the high number of counties and taxing districts that have compression limits.

340 Chair Butler Gives examples of compression in his district (Ontario, OR).

370 Comments and discussion on compression interspersed.

403 Rep. Hass Comments on local option recently passed in Beaverton that recently resulted in an excess amount of money for the school district in the second year.

**TAPE 28 SIDE A (malfunction)**

**TAPE 27 SIDE B**

005 Hanson Continues Measure 50 discussion.

020 Hanson Discusses Wall St. Journal article in handout which discusses revolt against tax assessors in other parts of the country.

030 Hanson Continues overview using handout.

047 Hanson Discusses complexities of dealing with Measure 50. 1) There is a limit on how a property can increase value. 2) The term “minor construction” was not clearly defined and is difficult to track over time. 3) Exceptions: how are values assessed if there are multiple

changes to the property. Comments that a lot of time is spent on this process.

240 Hanson Explains how Measure 50 exception is applied to a specific property (see example in the handout).

270 Rep. Berger Clarifies how the property is taxed before and after improvements. Asks how the exception value is determined.

287 Hanson Explains that the permit process, copy of plans, and site visit determine valuation.

300 Day Discusses annual functions in an assessment office (see Assessment/Tax Calendar page in handout).

365 Day Discusses types of value to maintain. There are now six additional values that must be tracked on all properties.

399 Day Discusses a real property tax statement (handout) to demonstrate various values.

#### **TAPE 28 SIDE B**

030 Chair Butler Asks for clarification on some of the values stated on tax statement in handout.

- 048 Day Explains the different values as applied to this property.
- 074 Hanson Adds additional explanation to the value definitions.
- 079 Rep. Komp Asks about availability of data regarding property values.
- 099 Day Explains that the special assessed value is based on the use of the land, not the zoning.
- 105 Rep. Esquivel Comments on assessment appeal situations.
- 130 Day Uses specific situations (the change of course of a river or a house that has burnt down) that have occurred in his county to explain examples of appeals.
- 180 Tom Linhares Comments on Measure 50 anomaly regarding maximum assessed value and real market value involving reduction of property values.
- 224 Chair Butler Follow-up questions about appeal process.
- 226 Hanson Explains that the homeowner goes to local assessor and requests an appeal. Next step is the magistrate division at the tax court, then the tax court, and finally the supreme court.

244 Day Discusses Changed Property Ratio (see handout) designed to equalize new properties to a similar level as existing properties.

280 Rep. Riley Asks if all classifications are the same for all counties.

286 Hanson Responds that these classifications were defined by statute in 1997. Maximum CPR is 1.00.

370 Chair Butler Asks where assessors can go for further assistance.

383 Hanson Responds that the county assessors have organizations that provide on-going training as well as access to Dept. of Revenue on-going training. The counties use off-the-shelf software for maintaining their databases, and often small counties will pool their resources to research the best s

444 Chair Butler Due to time constraints, panel is asked to return to provide the rest of the presentation.

446 Warner Discusses open dates for further discussion.

**TAPE 29 SIDE A**

045 Chair Butler Adjourns meeting at 3:02 p.m.

Tape Log Submitted by:

Kristi Bowman, Committee Assistant

Reviewed by:

Kim Taylor James, Committee Coordinator

Exhibit Summary:

1. Handout: Oregon Property Tax Administration, Dennis Day and Jerry Hanson, 37 pp., 02/02/05